

February 13, 2001

Honorable Norman K. Ferguson, Senate Chair
Honorable William R. Savage, House Chair
Joint Standing Committee on Utilities & Energy
115 State House Station
Augusta, ME 04333

Re: LD 314, An Act to Require Notice to Telephone Customers in
Maine Prior to Price Increases

Dear Senator Ferguson and Representative Savage:

For reasons discussed below, the Commission will testify in support of LD 314, An Act to Require Notice to Telephone Customers in Maine Prior to Price Increases. The Commission will be present at the work session and will be pleased to work with the Committee as it considers this bill.

LD 314 would require that, before changing intrastate long distance rates, telephone carriers give customers a 30-day written notice and file tariffs with the Commission.

The Commission supports this bill because it creates an effective approach to protecting a consumer from making calls at rates that have changed without the consumer's knowledge. The bill is consistent with our approach to regulation in industries where competition is emerging – namely, to lessen regulation of terms and rates but to vigorously pursue measures that enable consumers to make informed decisions.

Commission rules already require notices in some instances covered by LD 314. Chapter 280 requires that intrastate telephone carriers give customers a 15-day notice before raising rates by 20% or more. In addition, the Commission has a proposed rule (Chapters 292) that would require intrastate carriers to provide a 30-day notice of a rate increase. However, this draft rule does not require customer notice if the rate change was previously determined through a customer contract or a promotional offering, and it does not require notice of a rate decrease. In addition, in the electricity industry, our rules require that a competitive electricity provider notify a customer 30 days before making a significant change to its terms of service (including a change in rates). Through these rules, we have generally shown our support for ensuring that customers

are notified of service changes that affect their bill. It makes sense to apply these provisions in a simple, consistent way to all intrastate long-distance service, as LD 314 would do.

In considering LD 314, the Committee might consider the following questions. First, does electronic (i.e., internet) notification fulfill the requirement of the bill? We believe that it should, if the carrier maintains adequate safeguards. Second, does the bill encompass all services or terms that might affect the customer's bill? We believe that it should, but would value input from stakeholders on this issue. Third, must the 30-day notice apply to rate *decreases*? We believe the notice requirement could be confined to increases, to avoid delaying the implementation of lower rates.

In summary, we support LD 314 because it extends to all intrastate long distance telephone customers a reasonable protection that is consistent with protections already partially contained in our rules and already guaranteed to electric customers. If you have any questions regarding this matter, please contact me.

Sincerely,

Marjorie R. McLaughlin
Legislative Liaison